

Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 EB-05 FAA-00 RSC-01 DRC-01

DOT-00 L-03 XMB-01 TRSE-00 CIAE-00 INR-10 NSAE-00

/032 W

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R 161430Z APR 74

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 486

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE RIO DE JANEIRO 1339

PASS COMMERCE AND FAA

EO 11652 N/A

TAGS BEXP, BR

SUBJECT MAJOR PROJECTS: SAO PAULO AIRPORT DEVELOPMENT

REF: (1) STATE 059332; (2) STATE 073796

1. BEFORE RESPONDING TO QUESTIONS RAISED REFTEL (A)
RE NEW INTERNATIONAL AIRPORT FOR SAO PAULO, IT IS IMPORTANT
TO REITERATE THAT THIS PROJECT IS ALREADY CAUGHT UP WITH CON-
SIDERABLE DELAYS -- THAT AFTER YEARS OF STUDY AND THE VENTING
OF LOCAL POLITICAL RIVALRIES WITHIN THE STATE OF SAO PAULO,
AUTHORITIES STILL HAVE NOT DECIDED WHERE TO BUILD IT (THE
CHOICE OF SITES REMAIN EITHER VIRACOPOS OR CUMBICA).

2. BASED ON INFORMATION OBTAINED BY FAA REPRESENTATIVE IN
RIO FROM GENERAL HELIO COSTA, PRESIDENT OF BRAZIL'S FEDERAL
AIRPORT AUTHORITY - INFRAERO, THE FIRST DEVELOPMENT (PERHAPS
EVEN BEFORE CHOICE OF SITES) WILL BE THE CREATION OF SAO PAULO
AIRPORT COMMISSION UNDER INFRAERO TO SUPERVISE ALL PHASES OF
AIRPORT'S DEVELOPMENT. THE SAO PAULO COMMISSION WILL BE SIMILAR
TO RIO AND MANAUS AIRPORT COMMISSIONS. IT IS EXPECTED TO BE
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FORMED BY JULY 1974 AND HEADQUARTERED IN SAO PAULO. IT WILL

MAKE RECOMMENDATIONS ON ALL MAJOR MATTERS SUBJECT TO APPROVAL BY INFRAERO AND AIR MINISTRY. ITS FIRST TASK, AFTER SELECTION OF SITE, WILL BE ORGANIZING INTERNATIONAL COMPETITION FOR A FEASIBILITY STUDY TO DEFINE SCOPE, INSTALLATIONS, COSTS AND ADMINISTRATIVE STRUCTURE FOR THE AIRPORT.

3. COSTS INDICATED CONSTRUCTION OF THE AIRPORT ON A TURN-KEY BASIS IS OUT OF THE QUESTION (AS IS CASE WITH MOST MAJOR PUBLIC WORKS IN BRAZIL). THE SAO PAULO AIRPORT COMMISSION CAN BE EXPECTED TO CALL FOR PROPOSALS FROM BIDDERS ON SPECIFIC PHASES. THIS IS ESPECIALLY TRUE FOR EQUIPMENT PROCUREMENT AND CONSTRUCTION ALTHOUGH DESIGN ENGINEERING AND SUPERVISION OF CONSTRUCTION MAY BE LINKED AND NOT NEGOTIATED SEPARATELY.

4. TAMS OR ANY US CONTRACTOR WILL HAVE TO ASSOCIATE WITH A LOCAL FIRM TO SUCCESSFULLY COMPETE FOR PROJECT AWARDS. BRAZILIAN LAW (DECREE 64,345 OF APRIL 10, 1969) RESTRICTS GOVERNMENT CONTRACTS INVOLVING TECHNICAL SERVICES TO COMPANIES WITH 51 PERCENT BRAZILIAN OWNERSHIP. MANY US AND FOREIGN ENGINEERING COMPANIES ARE ALREADY SUCCESSFULLY OPERATING IN BRAZIL UNDER JOINT VENTURES SATISFYING THESE REQUIREMENT. GENERAL COSTA INDICATED THAT PROPOSALS THAT MAXIMIZE DOMESTIC CONTENT IN EQUIPMENT AND SERVICES WILL INDEED BE IN FAVORABLE POSITION. HOWEVER, BID CONTAINING LOCAL BANK FINANCING FOR LOCAL COSTS WOULD NOT BE MORE ATTRACTIVE THAN BID WITH LESS EXPENSIVE OFFSHORE FINANCING FOR LOCAL COSTS.

5. PROPOSALS FOR EQUIPMENT TO BE IMPORTED WOULD BE EXPECTED TO BE ACCOMPANIED BY EXPORT FINANCING. PROCUREMENT OF LARGE EXPENSIVE EQUIPMENT PROBABLY WILL BE CONDUCTED IN "TWO ENVELOPE BIDDING" WITH THE FIRST ENVELOPE CONTAINING TECHNICAL INFORMATION ON EQUIPMENT OFFERED, IN ORDER TO HOMOGENIZE ALL EQUIPMENT BIDS TO SPECIFICATIONS, AND SECOND ENVELOPE CONTAINING PRICE AND FINANCING.

6. GENERAL COSTA IS VERY RECEPTIVE TO PRELIMINARY DISCUSSIONS NOW WITH US AIRPORT ENGINEERING FIRMS. IT IS SUGGESTED THAT TAMS SEND TEAM TO RIO FOR CONSULTATIONS WITH FAA REPRESENTATIVE AND COORDINATIONS WITH RIO AND SAO PAULO CONGEN ECONOMIC/COMMERCIAL OFFICERS PRIOR TO ESTABLISHMENT OF SAO PAULO AIRPORT COMMISSIONED OFFICIAL USE

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SION. WE WILL ARRANGE APPOINTMENT WITH HELIO COSTA OF INFRAERO AND ASSIST IF NEEDED IN CONTACTING POSSIBLE JOINT VENTURE PARTNERS. CONGEN RIO CONTACTING LOCAL TAMS OFFICE RE ABOVE INFORMATION. MAJOR PROJECT DIVISION MAY ALSO WISH TO CONTACT BOEING AND GRUMMAN WHO ARE INTERESTED IN PROJECT.
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